
**Insurance, Financial Services &
Consumer Protection Committee**

ESB 6591

Brief Description: Regulating insurance producers.

Sponsors: Senators Benton and Berkey; by request of Insurance Commissioner.

Brief Summary of Engrossed Bill

- Replaces the terms "agent," "broker," and "solicitor," with "title insurance agent," and "insurance producer."

Hearing Date: 2/26/08

Staff: Jon Hedegard (786-7127).

Background:

The Office of the Insurance Commissioner licenses and regulates insurance agents, brokers, and solicitors. An insurance agent is appointed by an insurer to solicit applications for insurance on behalf of the insurer. If authorized to do so, an agent may enter into insurance contracts and collect premiums on insurance. An insurance broker is a person who, on behalf of an insured, for a fee, solicits, negotiates, or procures insurance for insureds. A solicitor is authorized by an agent or broker to solicit applications and collect premiums for an agent or broker.

In 2007 the Legislature passed SSB 5715 and altered the regulatory framework for insurance agents and brokers. SSB 5715 was based largely on the National Association of Insurance Commissioner's Producer Licensing Model Act. Among the modifications to the oversight of agents and brokers are changes to the categories of licenses, background checks, fees, and commissions. Another change was the replacement of the terms "agent," "broker," and "solicitor," with the term "insurance producer." "Title insurance agents" were not included in the scope of the term "producer." An insurance producer is a person required to be licensed under the laws of the state to sell, solicit, or negotiate insurance. A title insurance agent is a business entity licensed under the laws of this state and appointed by an authorized title insurance company to sell, solicit, or negotiate insurance on behalf of the title insurance company.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

The effective date of SSB 5715 is delayed until July 1, 2009.

Summary of Bill:

The words "agent," "broker" and "solicitor" are generally replaced with "producer" or "insurance producer." "Title insurance agent" is added where the change from "agent" to "producer" eliminated a title insurance agent from the scope of the provision.

Specific insurance policy forms do not have to be filed for approval of the Commissioner if the only change in an approved form is a language change consistent with this act. An insurer must change terminology on forms by the time the insurer uses up the stock of existing forms or January 1, 2010, whichever is earlier.

Gender-specific references are changed to gender-neutral phrases. Other grammatical changes are made.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect on July 1, 2009.